

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
LEGAL
WORKING FILE**

**FROM: BEVERLY BARKER
KEVIN KEYT**

DATE: JUNE 17, 2016

**RE: INTERMOUNTAIN GAS' PROPOSAL TO REVISE SEVERAL RATE
SCHEDULES TO INCLUDE A BREAKDOWN OF BILLING COMPONENTS
(TARIFF ADVICE NO. 16-01)**

On June 8, 2016, the Commission received Tariff Advice No. 16-01 from Intermountain Gas Company. The Company proposes to revise several rate schedules to provide a detailed breakdown of costs that, when added together, equal the total per therm charge identified on customers' bills. This filing does not change the rates customers are charged.

As proposed, the cost of gas is broken down into three components: (1) temporary purchased gas cost adjustment (PGA); (2) weighted average cost of gas (WACOG); and (3) gas transportation cost. These three components will be itemized on bills, along with a distribution cost that varies by time period. Rate Schedules RS-1 (Residential Service), RS-2 (Residential Service-Space and Water Heating), GS-1 (General Service), IS-R (Residential Interruptible Snowmelt Service), IS-C (Small Commercial Interruptible Snowmelt Service and LV-1 (Large Volume Firm Sales Service) are being revised. A marked up and clean copy of Rate Schedule RS-2 is attached to provide an example of the proposed changes. The Company did not request a specific effective date in its filing.

BACKGROUND

In Intermountain Gas' most recent PGA case (Case No. INT-G-15-02), Staff expressed concern about changes in how the Company itemized charges on its newly-revised billing statements, noting that the new billing components did not match costs identified in the Company's tariff. Staff confirmed that customers were billed the correct amount per therm, but

Staff was unable to verify the accuracy of two new cost components - labeled as (a) pipeline costs and temporaries and (b) distribution charge - that are now shown on customer bills. See attached copy of a RS-2 customer bill.

After the final order was issued in that case, Staff and Intermountain Gas worked to reach agreement on the most appropriate way to provide customers with a detailed cost breakdown. The Company and Staff also reached agreement on how to revise the tariff and bill statements to reflect those cost components.

BILLING STATEMENTS

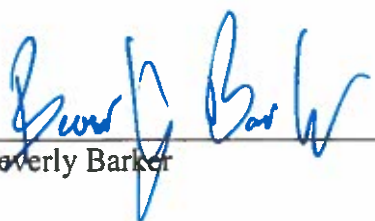
The Company indicated that it would be able to have the necessary programming changes completed so that bills will reflect the new line items by August 1st. The customer information provided on the back of bills, which includes a description of the charges shown on the front of the bill, is pre-printed. Staff and the Company agree that the most economic approach is to exhaust the 5-week supply it keeps in stock before printing a revised version that is consistent with the new line items. To prevent customer confusion, it makes sense to revise both the front and back of the bill at the same time. Prompt approval of the proposed rate schedules would allow the Company adequate time to use its current stock and work with Staff on the description of the new line items.

STAFF RECOMMENDATION

Staff recommends that the Commission approve the new tariff schedules as proposed by Intermountain Gas with an effective date of July 1, 2016.

COMMISSION DECISION

Does the Commission wish to approve the revised Rate Schedules RS-1, RS-2, GS-1, IS-R, IS-C and LV-1 as proposed by Intermountain Gas?


Beverly Barker

I.P.U.C. Gas Tariff	
Rate Schedules	
Forty-Ninth Revised	Fiftieth
Sheet No. 02 (Page 1 of 1)	
Name of Utility	Intermountain Gas Company

IDAHO PUBLIC UTILITIES COMMISSION
 Approved ~~Sept. 29, 2015~~ Effective ~~Oct. 1, 2015~~
 Per O.N. 33386
 Jean D. Jewell Secretary

**Rate Schedule RS-2
 RESIDENTIAL SERVICE- SPACE AND WATER HEATING**

APPLICABILITY:

Applicable to any customer using natural gas for residential purposes, which must include at a minimum, both natural gas water heating and natural gas space heating.

RATE:

Monthly minimum charge is the customer charge.

For billing periods ending April through November

Customer Charge - \$2.50 per bill

Per Therm

 Commodity Charge - \$0.71185 per therm*

For billing periods ending December through March

Customer Charge - \$6.50 per bill

Per Therm

 Commodity Charge - \$0.67822 per therm*

*Includes: ←

*Includes the following:

Cost of Gas: 1) Temporary purchased gas cost adjustment (\$0.00968)	
2) Weighted average cost of gas	\$0.32764
3) Gas transportation cost	\$0.19789
Distribution Cost: April through November	
December through March	\$0.19600
	\$0.16237

~~Temporary purchased gas cost adjustment of \$(0.00968)~~
~~Weighted average cost of gas of \$0.32764~~

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Schedule.

SERVICE CONDITIONS:

All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this rate schedule is a part.

Issued by: Intermountain Gas Company	
By: Michael P. McGrath	Title: Director - Regulatory Affairs
Effective: October 1, 2015	August 1, 2016

**Rate Schedule RS-2
RESIDENTIAL SERVICE- SPACE AND WATER HEATING**

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For billing periods ending April through November

Customer Charge - \$2.50 per bill

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Customer Charge - \$6.50 per bill

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	2) Weighted average cost of gas	\$0.32764
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ACCOUNT SUMMARY

Previous Balance	\$56.00
Payment Received 2/1/2016 Thank you	-56.00
Current Level Pay Plan Amount	56.00
Amount Due on 3/11/16	\$56.00

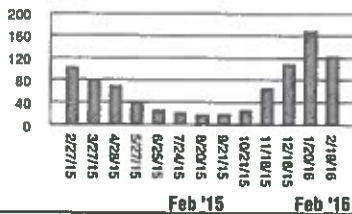
UTILITY SUMMARY

Previous Balance	-\$50.72
Payments Received	-56.00
Current Gas Charges	94.03
Current Utility Balance	-\$12.69

Gas Charges

BILLING PERIOD 1/21/16 - 2/19/16 DAYS 30
METER NUMBER 482020627
METER READ DATE 2/19/16
Next scheduled read 3/23/16
RATE RS-2 Residential

USAGE HISTORY (Therms)



Average Daily Therms	3.50	4.17
Average regional temp		38
Days in billing period	30	30

CURRENT READING	PREVIOUS READING	USAGE 100 CU FT	BILLING FACTOR	THERMS BILLED
1443	- 1320	= 123	x 1.017000	= 125
Customer Charge				6.50
Weighted Average Cost of Gas 125 Therms x \$0.32764				40.96
Pipeline Costs and PGA Adjustment 125 Therms x \$0.18821				23.53
Distribution Charge 125 Therms x \$0.16237				20.30
Municipal Franchise Fee				2.74
Total Gas Charges				\$94.03

CUSTOMER SERVICE & EMERGENCY SERVICE

208-377-6840 - Boise/Treasure Valley
1-800-548-3679 - All Other

Emergencies: 24 hours a day
Non-emergencies: Mon-Fri, 7 a.m. - 7 p.m.

Email: customerservice@intgas.com

Mail: Intermountain Gas Company,
Attn: Customer Service, PO Box 7608, Boise, ID
83707-1608. Please include your account number.

CALL BEFORE YOU DIG 811

March						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Payment Due ▲
Your payment will be
automatically deducted from
your bank account on or after
this date.

Note: Charges for current services are due and payable upon receipt of bill and are past due as noted. This bill does not extend the due date of past bills.

MESSAGE CENTER:

PLEASE KEEP THIS PORTION FOR YOUR RECORDS.

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT, MAKING SURE THE RETURN ADDRESS SHOWS IN THE ENVELOPE WINDOW.



BOISE ID 83702-2602

9942



Thank you for using the Intermountain Gas Company
AutoPay

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Customer Service: Boise/Treasure Valley 208-377-6840 • Other Areas: 1-800-548-3679

7 a.m.-7 p.m. Monday-Friday • www.intgas.com

Call volume generally is higher on Mondays; for faster service, please call Tuesday-Friday.

Ways to Pay Your Bill

Online: Go to www.intgas.com for our free online payment service. Once you have registered, simply log in each month to make your payment using any active U.S. checking account. It's an easy and secure way to view and/or pay your gas bill online 24/7.

AutoPay: Automatically pay your bill each month by having Intermountain Gas withdraw your preauthorized payment from your financial institution 10 calendar days following your bill date (for the next business day thereafter). Enroll electronically by logging into your account online and completing the online form.

By Phone: Our self-service automated telephone system allows you to pay your gas bill or deposit anytime it is convenient – 24/7. To make a debit, credit card or check-by-phone payment, simply call our customer service number and follow the prompts to be connected with our independent service provider. A convenience fee for each transaction will apply.

Payment Locations: Pay by cash, check or money order at one of our authorized

participating Western Union Convenience Pay® locations. To locate a payment location near you, visit our website www.intgas.com for a complete up-to-date list. Western Union charges a \$1 convenience fee for each payment. Payments made at a payment location are not credited to your account until they are received by Intermountain Gas.

By Mail: Mail your payment along with your bill stub to Intermountain Gas Company, P.O. Box 64, Boise, ID 83732-0064. Be sure to allow time for mailing so that your payment is received by the due date.

Level Pay: This billing plan levels out your monthly bill so you can reduce fluctuations brought on by changes in the weather and the cost of energy. If interested, contact us through your account using Online Account Services at www.intgas.com or call our customer service number.

Payment Due Date: Your bill is past due if payment is not received by the due date shown on the front of this billing statement. If you are paying with a credit card or paying at one of our payment locations in response to a Disconnection of Service Notice, please contact Intermountain Gas at 1-800-548-3679 and let us know that payment has been made.

Billing Terms and Definitions

Billing Factor: A calculation comprised of atmospheric pressure, delivery pressure, temperature and BTU quality of gas. The consumption of natural gas is metered in cubic feet and a billing factor. The billing factor, when multiplied by the consumption of gas in cubic feet, equals the number of therms billed.

Customer Charge: The customer charge helps to recover a small portion of the costs incurred to deliver natural gas to your home or business.

- April through November: \$2.50 (residential), \$2.00 (commercial).
- December through March: \$6.50 (residential), \$9.50 (commercial).

Weighted Average Cost of Gas: A charge to recover the cost of the natural gas molecules (see "Therms").

Pipeline Costs: A charge to recover the interstate pipeline and storage related costs incurred to deliver the natural gas molecules to Intermountain's system.

PGA Adjustment: The PGA (Purchased Gas Cost Adjustment) is a method of reconciling or "true-up" the prices Intermountain pays for purchasing and transporting natural gas to our customers as compared to the tariff rates currently in effect.

Distribution Charge: A charge to recover the remaining costs incurred to move natural gas through Intermountain's local distribution system.

Municipal Franchise Fee: Cities charge a franchise fee to operate in most of the municipalities we serve. If a customer lives outside the city limits, this fee does not apply.

Rates: The rates reflected on the bill have been approved by the Idaho Public Utilities Commission. Copies of current rate schedules are available at www.intgas.com.

Type of Rate: Identifies the charges used to calculate your bill.

RS 1: Residential service for customers who do not have both natural gas space and water heating.

RS 2: Residential service for customers using, at a minimum, both natural gas space and water heating.

GS 1: (General Service) Small commercial or light industrial business usage that does not exceed 2000 therms per day.

IS- R: Interruptible Snowmelt Residential.

IS- C: Interruptible Snowmelt Commercial.

Industrial: See specific contract.

Therms: Identifies the heating capacity provided by natural gas. One therm equals the heating capacity of 100,000 British Thermal Units (BTU). A BTU is the quantity of heat required to raise one pound of water one degree Fahrenheit.

If you think you are on the wrong rate or being assessed a fee in error, please contact customer service.

Important Customer Information

Intermountain Gas is willing to make satisfactory payment arrangements. If you cannot pay your bill at this time, please call customer service at 208-377-6840 or 1-800-548-3679 between 7 a.m. and 7 p.m. Monday-Friday and arrange a payment plan.

Financial Assistance: Low-income households may qualify for assistance through federal and community assistance funds. Intermountain Gas customer service can refer you to assistance funds and agencies in your area or you may call the Idaho Careline at 2-1-1 or 1-800-926-2588.

Payments made by check or electronically that are dishonored by the bank will be assessed a \$20 returned payment fee.

Payments marked with a restrictive legend (Paid in Full, for example) will not act as an accord and satisfaction without our express prior written approval. When you provide a check as payment, you authorize us to use information from your check either to make a one-time electronic fund transfer (EFT) from your account or to process the payment as a check transaction. When we use information from your check to make an EFT, funds may be withdrawn from your account as soon as the same day we receive your payment. The transaction will appear on your bank statement as EFT and you will not receive a copy or an image of your check from your financial institution.

Exclusions

Suspension of service may be postponed thirty (30) days upon receipt of a certificate from a licensed physician or a public health official, stating there is a serious illness or medical emergency in the household or that loss of service may create one.

A complaint concerning the suspension may be filed with the company or the Idaho Public Utilities Commission, Consumer Assistance, P.O. Box 83720, Boise, ID 83720-0074

(Boise/Treasure Valley 334-0369, all other areas 1-800-432-0369) or via the website at www.puc.idaho.gov. Service will not be interrupted prior to the resolution of such filed complaint.

Your Gas Piping

If buried gas piping exists between Intermountain Gas Company's meter and your natural gas appliances, you are responsible for the maintenance of this pipe. If this pipe is not maintained, it may be subject to the potential hazards of corrosion and leaks. Buried piping should be:

- 1) Periodically inspected for leaks.
- 2) Periodically inspected for corrosion (if piping is metallic).
- 3) Repaired if any unsafe condition is found.
- 4) Located prior to excavation.
- 5) Excavated by hand. Please call your local plumber for assistance if you have buried gas piping downstream of your meter.

Save a Stamp! Receive, view and pay your bill online at www.intgas.com.

Moving? To avoid being billed for service you have not used, please contact us at least two business days before you want service disconnected.

Has your mailing/email address or phone number changed?

Please provide details here and check the box on the front of this stub.

Account No.: _____

Name: _____

Mailing Address: _____

City: _____ State: _____ ZIP: _____

Phone: () _____ Email: _____